



Governing Body

338th Session, Geneva, 12–26 March 2020

GB.338/PFA/4

Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

PFA

Date: 21 February 2020

Original: English

FOURTH ITEM ON THE AGENDA

Update on the headquarters building renovation project

Purpose of the document

This document provides information on the current status of phase 1 of the headquarters building renovation project. It also provides an update on developments related to the sale of the vacant ILO land and on the measures being put in place to prepare for phase 2 of the renovation project, including the security perimeter. It contains a proposal on the way forward (see the draft decision in paragraph 18).

Relevant strategic objective: None.

Main relevant outcome: None.

Policy implications: None.

Legal implications: None.

Financial implications: No immediate implications.

Follow-up action required: Further report in October 2020.

Author unit: Office of the Deputy Director-General, Management and Reform (DDG/MR).

Related documents: GB.337/PFA/2; GB.337/PFA/2(Add.1); GB.335/PFA/3; GB.335/PFA/3(Add.); GB.334/PFA/PV; GB.334/PFA/2; GB.332/PFA/3.

Current status of phase 1

1. At its 309th Session in November 2010 the Governing Body approved a comprehensive plan for the renovation of the entire headquarters building subject to financing. Following further architectural and engineering analysis, the scope of the works was adapted to meet, inter alia, the relevant local standards which had been significantly amended in the intervening period, particularly in relation to fire safety issues and additional regulatory requirements. The associated cost increase required the works to be divided into two phases, with the first phase tailored to meet the available budget of CHF205.9 million. Completion of the second phase was dependent on finance being available.
2. At its 337th Session (October–November 2019), the Governing Body authorized the Director-General to finalize contractual terms for the sale of plot 4057 located in Geneva,¹ decided to recommend to the Conference that it approve, at its 109th Session, the transfer of the net proceeds of the sale to the Building and Accommodation Fund; and also decided that those proceeds of the sale required for the completion of the renovation of the headquarters building, including the security perimeter, be allocated for that purpose.
3. The relocation of headquarters staff throughout the renovated main building was completed in December 2019, with some 1,000 moves carried out.
4. The installation of insulated glass in the large bay windows and fire escapes in the conference rooms, which is part of the lower floors phase 1 works, was interrupted by some conferences but is progressing well and is still expected to be completed on schedule in October 2020.
5. The settling of the final accounts for phase 1 is 98 per cent complete. The Office is pleased to report a realization of savings of some CHF1.7 million, arising from funds set aside to address unknowns and potential claims from subcontractors.
6. Following the confirmation of these additional savings, the replacement of the glazing in Room II will be undertaken and the glazing on floor M3 will be brought forward from the phase 2 works. This will avoid the incurrence of additional costs to the Office and disruption to UNICEF staff, following their move into that part of the building.
7. The total budget for phase 1, including these works, remains within the limits of the financial plan previously endorsed by the Governing Body, namely some CHF205 million.

Sale of plot 4057

8. At its 337th Session (October–November 2019), the Governing Body authorized the Director-General to finalize contractual terms for the sale of plot 4057 located in Geneva and gave its approval for the proceeds of the sale required for the completion of the renovation of the headquarters building, including the security perimeter, to be allocated for that purpose.
9. The unconditional sale of plot 4057 has been finalized and the land was sold for a base price of CHF150 million. This base sale price is subject to increase should the local authorities approve a building density greater than the statutory minimum of 1.8.

¹ [GB.337/PFA/PV](#), para. 189.

Phase 2 of the renovation project

10. The Governing Body will recall from previous sessions, and most recently its 335th (March 2019) and 337th (October–November 2019) Sessions, that the estimated cost of phase 2 has risen from CHF120 million to CHF128–131.1 million, resulting from a lack of continuity from phase 1 to phase 2, and that a margin of error of 15 per cent should be foreseen.²
11. Following the confirmation of financing for phase 2 through the sale of plot 4057, the Office proposes to launch a call for bids in mid-2020 for the phase 2 works, as described in Appendix II to the Office's update to the Governing Body at its 335th Session.³ This would include a request for proposals on a revised comprehensive security plan and elements of the renovation of the lower floors previously removed from the scope of phase 2, such as the refurbishment of the cinema room and of Room VIII.
12. Despite the best efforts, the phase 2 works will invariably impact the availability of conference rooms and meeting spaces, as a third of the space will be closed at any given time over a three-year period.

Security perimeter

13. At its 337th Session, the Governing Body was informed of the nature of the security measures that were implemented during the biennium 2018–19 and the measures to be further studied and implemented in 2020–21.⁴
14. The Office is currently finalizing a revised comprehensive security plan to include the measures approved for 2020–21, the feedback from the Governing Body at its 337th Session, the recommendations of the United Nations Department of Safety and Security and the measures already implemented in 2019. Further discussions will be scheduled with the Government of the host country to present the plan for its consideration and to seek advice regarding its proposed contribution to the financing of the plan.
15. As the commencement of phase 2 of the renovation project is expected for the second quarter of 2021, the Office proposes to integrate the upgrading of the security environment into the scope of the renovation works.

The way ahead

16. The Office is currently reviewing all phase 2 project documents, which were drawn up in 2015, to ensure that they still respond to current and future needs. In addition, it is developing the necessary documentation on the revised comprehensive security plan and on additional works. The terms of reference will then be completed and a formal bidding process initiated.
17. The Office will present the proposed final scope and estimated budget of phase 2 to the Governing Body at its 340th Session (October–November 2020). It is anticipated that the

² [GB.335/PFA/3](#) and [GB.337/PFA/2](#).

³ [GB.335/PFA/3](#).

⁴ [GB.337/PFA/2](#).

main contract for phase 2 will be awarded in early 2021, with work commencing mid-2021, taking some five years to complete.

Draft decision

- 18. The Governing Body requested the Director-General to present to it, at its 340th Session (October–November 2020), the proposed final scope and estimated budget of phase 2 of the headquarters building renovation project.*